

FINANCIAL REPORT  
VILLAGE OF WOLVERINE  
February 29, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Wolverine</b>	County <b>Cheboygan</b>
Audit Date <b>2/29/04</b>	Opinion Date <b>8/16/04</b>	Date Accountant Report Submitted to State: <b>8/31/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

**Hill, Schroderus and Co., LLP**

Street Address

**923 Spring Street, P.O. Box 695**

City

**Petoskey**

State

**MI**

ZIP

**49770**

Accountant Signature

Date

**8/31/04**

**VILLAGE OF WOLVERINE  
FINANCIAL REPORT  
Year Ended February 29, 2004**

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FINANCIAL SECTION



# Hill • Schroderus & Co., LLP

Certified Public Accountants & Consultants

August 16, 2004

Village President and Council  
Village of Wolverine, Michigan

## Independent Auditors' Report

We have audited the accompanying general purpose financial statements of the Village of Wolverine, Michigan as of and for the year ended February 29, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Wolverine's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include a General Fixed Asset Account Group, which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the General Fixed Asset Account Group is not known.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Wolverine, Michigan, at February 29, 2004, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Wolverine, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Hill Schroderus & Co.*

CERTIFIED PUBLIC ACCOUNTANTS  
Petoskey, Michigan

**VILLAGE OF WOLVERINE**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**February 29, 2004**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b><u>Assets</u></b>			
Cash	\$ 72,323	\$ 39,549	\$ 111,872
Taxes receivable	4,645	1,832	6,477
Due from state government	6,733	13,849	20,582
Total assets	<u>\$ 83,701</u>	<u>\$ 55,230</u>	<u>\$ 138,931</u>
<b><u>Liabilities and Fund Equity</u></b>			
Liabilities:			
Accounts payable	\$ -	\$ 4,862	\$ 4,862
Accrued expenditures	217	-	217
Deferred revenue	1,700	-	1,700
Total liabilities	1,917	4,862	6,779
Fund equity:			
Fund balance:			
Unreserved:			
Undesignated	81,784	50,368	132,152
Total liabilities and fund equity	<u>\$ 83,701</u>	<u>\$ 55,230</u>	<u>\$ 138,931</u>

**VILLAGE OF WOLVERINE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES**  
**Year Ended February 29, 2004**

	General	Special Revenue	Total (Memorandum Only)
Revenues:			
Property taxes	\$ 31,132	\$ 12,429	\$ 43,561
State grants	39,464	55,544	95,008
Charges for services	450	-	450
Interest and rents	2,523	695	3,218
Other	1,458	-	1,458
Total revenues	<u>75,027</u>	<u>68,668</u>	<u>143,695</u>
Expenditures:			
Current:			
Legislative	2,321	-	2,321
General government	34,917	-	34,917
Public safety	59	-	59
Public works	10,897	58,932	69,829
Recreation and culture	9,519	-	9,519
Debt service:			
Principal	12,455	-	12,455
Interest and fiscal charges	433	-	433
Total expenditures	<u>70,601</u>	<u>58,932</u>	<u>129,533</u>
Excess (deficiency) of revenues over expenditures	<u>4,426</u>	<u>9,736</u>	<u>14,162</u>
Other financing sources (uses):			
Operating transfers in	-	9,573	9,573
Operating transfers out	-	(9,573)	(9,573)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>4,426</u>	<u>9,736</u>	<u>14,162</u>
Fund balance, beginning	<u>77,358</u>	<u>40,632</u>	<u>117,990</u>
Fund balance, ending	<u>\$ 81,784</u>	<u>\$ 50,368</u>	<u>\$ 132,152</u>

VILLAGE OF WOLVERINE  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**  
Year Ended February 29, 2004

	General Fund		
	Budget	Actual	Variance Over/(Under)
Revenues:			
Property taxes	\$ 30,000	\$ 31,132	\$ 1,132
State grants	-	39,464	39,464
Charges for services	500	450	(50)
Interest and rents	2,000	2,523	523
Other	910	1,458	548
Total revenues	33,410	75,027	41,617
Expenditures:			
Current:			
Legislative	1,500	2,321	821
General government	27,410	34,917	7,507
Public safety	3,000	59	(2,941)
Public works	9,000	10,897	1,897
Recreation and culture	16,000	9,519	(6,481)
Debt service:			
Principal	7,000	12,455	5,455
Interest and fiscal charges	-	433	433
Total expenditures	63,910	70,601	6,691
Excess (deficiency) of revenues over expenditures	(30,500)	4,426	34,926
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(30,500)	4,426	34,926
Fund balance, beginning	77,358	77,358	-
Fund balance, ending	\$ 46,858	\$ 81,784	\$ 34,926

See accompanying notes to financial statements.



Special Revenue Funds		
Budget	Actual	Variance Over/(Under)
\$ 12,000	\$ 12,429	\$ 429
50,000	55,544	5,544
-	-	-
750	695	(55)
-	-	-
<u>62,750</u>	<u>68,668</u>	<u>5,918</u>
-	-	-
-	-	-
-	-	-
38,350	58,932	20,582
-	-	-
-	-	-
-	-	-
<u>38,350</u>	<u>58,932</u>	<u>20,582</u>
<u>24,400</u>	<u>9,736</u>	<u>(14,664)</u>
9,500	9,573	73
(9,500)	(9,573)	(73)
<u>-</u>	<u>-</u>	<u>-</u>
24,400	9,736	(14,664)
<u>27,673</u>	<u>40,632</u>	<u>12,959</u>
<u>\$ 52,073</u>	<u>\$ 50,368</u>	<u>\$ (1,705)</u>

Totals (Memorandum Only)		
Budget	Actual	Variance Over/(Under)
\$ 42,000	\$ 43,561	\$ 1,561
50,000	95,008	45,008
500	450	(50)
2,750	3,218	468
910	1,458	548
<u>96,160</u>	<u>143,695</u>	<u>47,535</u>
1,500	2,321	821
27,410	34,917	7,507
3,000	59	(2,941)
47,350	69,829	22,479
16,000	9,519	(6,481)
7,000	12,455	5,455
-	433	433
<u>102,260</u>	<u>129,533</u>	<u>27,273</u>
<u>(6,100)</u>	<u>14,162</u>	<u>20,262</u>
9,500	9,573	73
(9,500)	(9,573)	(73)
<u>-</u>	<u>-</u>	<u>-</u>
(6,100)	14,162	20,262
<u>105,031</u>	<u>117,990</u>	<u>12,959</u>
<u>\$ 98,931</u>	<u>\$ 132,152</u>	<u>\$ 33,221</u>

**VILLAGE OF WOLVERINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 29, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village operates under a Council-President form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village reporting entity.

Excluded from the reporting entity:

Wolverine Community School

Community Center Building Authority

Wolverine Fire Department

These are excluded from the reporting entity because the Village does not have the ability to exercise influence or control over their daily operations, approve budgets or provide funding.

The accounting policies of the Village of Wolverine conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. Fund Accounting**

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements of this report, into generic fund types and broad fund categories as follows:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### A. Fund Accounting - Continued

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

#### B. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are to be accounted for in a General Fixed Asset Account Group rather than in governmental funds. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The Village does not currently maintain a General Fixed Assets Account Group.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

#### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### C. Basis of Accounting - Continued

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### D. Budget

The budget information for revenues and expenditures presented for the General, Major Street and Local Street Funds was adopted at the total fund level. Appropriations lapse at year end. Budgeted amounts are as originally adopted or as amended by the Village Council during the year.

#### E. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of Expenditures Over Appropriations in Budgetary Funds P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted on a fund basis.

During the year ended February 29, 2004, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund	\$ 63,910	\$ 70,601	\$ 6,691
Local Street	14,150	39,085	24,935

### NOTE 3: CASH

#### A. Insured Deposits

At February 29, 2004, the carrying amount of the Village's deposits was \$111,872 and the bank balance was \$112,348. Of the bank balance, \$100,000 was covered by the National Credit Union Association; the remaining \$12,348 was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds. The Village may experience significant fluctuations and deposited balances throughout the year due to varying property tax collections and other activity.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 3: CASH - CONTINUED

#### A. Insured Deposits - Continued

Statutes authorize the Village to invest in obligations at the U.S. Treasury and U.S. agencies, Certificates of Deposit and savings accounts which are insured with the applicable federal agency, commercial paper within the three highest rate classifications by at least two rating services, U.S. or agency repurchase agreements, bankers acceptance of U.S. banks and mutual funds.

#### B. Pooling of Cash

<u>Fund</u>	<u>Cash Equity (Overdraft) in Common Bank Accounts</u>
General	\$ 72,323
Major Street	22,213
Local Street	<u>17,336</u>
Total pooled cash	<u>\$111,872</u>

### NOTE 4: PROPERTY TAXES

Property taxes attach as an enforceable lien on property on July 10, payable by September 15, and is based on assessed valuation of property on the preceding December 31. The Village bills and collects its own property taxes from July through September. Property tax revenues are recognized when levied.

The Village is permitted, by statute, to levy taxes subject to State Headlee and Truth in Taxation Provisions up to \$12.50 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Village Charter also provides for up to \$5.00 per \$1,000 of assessed valuation for necessary highway and street purposes.

The tax rate for the year ended February 29, 2004 is as follows:

<u>Purpose</u>	<u>Rate/Assessed Valuation</u>
General government	\$8.1475 per \$1,000
Highways and streets	\$3.2588 per \$1,000

### NOTE 5: CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Village for the year ended February 29, 2004:

	<u>General Obligation</u>
Long-term debt payable at March 1, 2003	\$12,455
Long-term debt addition	-
Long-term debt retired	<u>12,455</u>
Long-term debt payable at February 29, 2004	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6: LEASE**

The Village has a lease agreement with the Wolverine Joint Fire Board. The Fire Board leases the Fire Hall from the Village for the cost of the building's property insurance each year. The lease ends in March 2010 and is renewable by the Fire Board at that time.

**NOTE 7: RISK MANAGEMENT**

The Village belongs to the Michigan Township Participating Plan, a public entity risk pool currently operating as a common risk management and insurance program for various municipalities throughout the state. The Village pays an annual premium for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for 100% of its claims.

**NOTE 8: SUBSEQUENT EVENTS**

On May 20, 2004, the Village approved contracts for work to be done at the Village's Community Center. The contracts are for a new roof and for a new floor, costing \$6,800 and \$3,081, respectively.

On May 20, 2004, the Village approved a contract for engineering to be done at the Lumbermans Park for \$2,800.

In May, 2004, the Village received approval for a State of Michigan matching grant for \$15,000 related to the Lumbermans Park Project in which the Village match is also \$15,000.

ADDITIONAL INFORMATION

SPECIAL REVENUE FUNDS

Major and Local Street Funds - To account for the operations of the major and local streets. Primary financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.



VILLAGE OF WOLVERINE  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
February 29, 2004

	Major Street	Local Street	Total
<b><u>Assets</u></b>			
Cash	\$ 22,213	\$ 17,336	\$ 39,549
Taxes receivable	-	1,832	1,832
Due from state government	8,640	5,209	13,849
	<u>30,853</u>	<u>24,377</u>	<u>55,230</u>
Total assets	<u>\$ 30,853</u>	<u>\$ 24,377</u>	<u>\$ 55,230</u>
<b><u>Liabilities and Fund Equity</u></b>			
Liabilities:			
Accounts payable	\$ -	\$ 4,862	\$ 4,862
Fund Balances:			
Unreserved:			
Undesignated	30,853	19,515	50,368
	<u>30,853</u>	<u>19,515</u>	<u>50,368</u>
Total liabilities and fund equity	<u>\$ 30,853</u>	<u>\$ 24,377</u>	<u>\$ 55,230</u>

**VILLAGE OF WOLVERINE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Year Ended February 29, 2004**

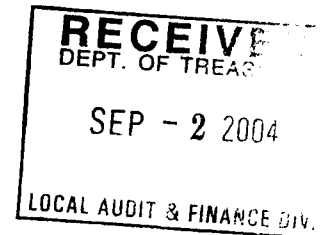
	Major Street	Local Street	Total
Revenues:			
Property taxes	\$ -	\$ 12,429	\$ 12,429
State grants	40,000	15,544	55,544
Interest	326	369	695
	<u>40,326</u>	<u>28,342</u>	<u>68,668</u>
Total revenues			
Expenditures:			
Public works	19,847	39,085	58,932
	<u>19,847</u>	<u>39,085</u>	<u>58,932</u>
Excess (deficiency) of revenues over expenditures	20,479	(10,743)	9,736
	<u>20,479</u>	<u>(10,743)</u>	<u>9,736</u>
Other financing sources (uses):			
Operating transfers in	-	9,573	9,573
Operating transfers out	(9,573)	-	(9,573)
	<u>(9,573)</u>	<u>9,573</u>	<u>-</u>
Total other financing sources (uses)			
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	10,906	(1,170)	9,736
	<u>10,906</u>	<u>(1,170)</u>	<u>9,736</u>
Fund balances, beginning	19,947	20,685	40,632
	<u>19,947</u>	<u>20,685</u>	<u>40,632</u>
Fund balances, ending	\$ 30,853	\$ 19,515	\$ 50,368
	<u>\$ 30,853</u>	<u>\$ 19,515</u>	<u>\$ 50,368</u>



**Hill • Schroderus & Co., LLP**  
Certified Public Accountants & Consultants

August 16, 2004

Village President and Council  
Village of Wolverine  
Wolverine, Michigan



In planning and performing our audit of the general purpose financial statements of the Village of Wolverine for the year ended February 29, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Village of Wolverine's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable Condition:

General Fixed Assets Account Group

Generally accepted accounting principles require a listing of fixed assets, those costing over approximately \$500, be maintained and reported in the governmental unit's financial statements. This listing should be continually up-dated and estimated costs should be established for each asset in question. Such a listing could also be useful for insurance purposes and safeguarding of assets.

Other comments and recommendations:

Budgeting procedures – The Village is required to comply with the P.A. 621 of 1978 (i.e. The Uniform Budgeting and Accounting Act). The Village's budget was in compliance except as follows:

It was noted that the general and local street funds had expenditures in excess of amounts appropriated. The budget should be amended during the fiscal year as necessary.

This report is intended solely for the information and use of Village President and Council and is not intended to be and should not be used by anyone other than the specified parties.

We would like to express our appreciation for the excellent cooperation we received while performing the audit. If we may be of further assistance, please do not hesitate to contact us.

Sincerely,

*Hill Schroderus & Co.*

CERTIFIED PUBLIC ACCOUNTANTS  
Petoskey, Michigan